

**Advancing Workforce Development in Toronto:
Emerging Principles, Approaches and Next Steps**

Date:	June 9, 2010
To:	Community Development & Recreation Committee
From:	Deputy City Manager Sue Corke
Wards:	All Wards
Reference Number:	

SUMMARY

Responding to the recommendation made by the Economic Development and Community Development & Recreation Committees at their joint meeting on April 12, 2010, this report describes the objectives and principles that underpin workforce development in Toronto, the approaches taken to date and the next steps that will be taken.

RECOMMENDATIONS

Deputy City Manager Sue Corke recommends that:

1. The General Managers of Toronto Employment and Social Services and Economic Development in conjunction with the Executive Director of Social Development, Finance and Administration continue to take steps to advance workforce development in Toronto and report to City Council on their progress in 2011.

Financial Impact

There are no financial implications arising from this report.

DECISION HISTORY

The March 31, 2010 report titled, *An Update on City Actions to Promote Economic and Workforce Development* to the joint meeting of the Community Development & Recreation and Economic Development Committees recommended that:

1. Deputy City Manager Sue Corke report back to the June 24, 2010 meeting of the Community Development & Recreation Committee and the Economic Development Committee (as appropriate), on the steps required to advance the development of a local strategy for integrated planning and management of employment and economic development services in the City of Toronto; this report to address the role of governments, employers, community-based employment support, training and career development, immigrant and settlement sectors, and other stakeholders, and to consider the recommendations and comments from the speakers' presentations; and that the Deputy City Manager's reports to Council include criteria for success with specific measures and targets for the City of Toronto on economic development and workforce development; and
2. The next report to address social inclusion aspects of economic and workforce development including childcare, public transit, income security, minimum wage rates, employment insurance reform, social and health supports, and education and training supports.

This report responds to these recommendations by setting out the necessary steps to continue to advance workforce development in Toronto. As recent reports to Committee have illustrated a great deal of progress has been made on the ground in recent years. Through this work the building blocks for an effective workforce development strategy are being put in place.

The report describes the continued evolution of this work, identifying, as requested, the steps required to advance the development of a local strategy for integrated planning and management of employment and economic development services in the City of Toronto, as well as the importance of key supports and policies in ensuring such a strategy is effective.

ISSUE BACKGROUND

Integrating Economic and Workforce Development

Without effective action, we face a future with large numbers of unskilled workers looking for jobs that require skills they do not possess, and a large number of jobs that will go unfilled. The time for action is now (Miner, 2010).

The case for better integration of economic and workforce development activities is both compelling and pressing. An aging population, looming labour shortages and more demanding skill requirements in many jobs, mean that coordinated actions are needed to increase the size of the labour force and to equip workers with more and higher skills¹.

¹ See "An Update on City Actions to Promote Economic and Workforce Development", approved by the Joint Economic Development and Community Development & Recreation Committees March 2010, for a detailed discussion of the need to better integrate economic and workforce development in Toronto and the actions being taken to support that.

More than ever, in the face of significant challenges these strategies are critical to maintain and sustain Toronto's prosperous and competitive economy. In addition to rapidly changing labour markets and skills shortages, for example, Toronto is also faced with stubbornly high unemployment rates in excess of the wider CMA and Province, growing earning gaps between immigrants and non-immigrants and concentrations of low income within particular groups and communities².

A significant recession has exacerbated these trends. The proportion of people unemployed for longer periods remains high, and while there has been some job growth over the last quarter, there has been little growth in permanent full time jobs. Job growth in the public sector is also projected to cease as governments seek to restrain expenditures. Moreover, a recent report by the Daily Bread Food Bank³ reveals a 15% increase in visits, with half of new clients seeking assistance as a result of job loss or reduced work hours.

Clearly, whether the recession is followed by a gradual jobless recovery or stronger and more rapid growth, economic and workforce development will have a pivotal role to play in meeting both the needs of residents, for skills and employment opportunities and for employers to access appropriately skilled workers.

Indeed, in many regards economic development and workforce development have become the same business. As most jurisdictions have recognized, regional economic development depends less and less on natural resources or traditional strength in a given industry and more on the skills and abilities of the local labour force to take advantage of new opportunities. Given the looming mismatch between the jobs that will be available and the skills required to do these jobs, inclusive workforce development is not just a social imperative but also an economic one. On the other hand, workforce development initiatives are only effective when they are aligned with knowledge of how the economy is changing and broader regional economic development strategies.

Integrated economic and workforce development have the potential to yield significant economic and social benefits. From an economic perspective, integration provides greater opportunities to ensure that skills and training are relevant to the businesses and sectors that are set to grow. From a social perspective, integration creates opportunities to include disadvantaged groups by targeting training on the jobs being created and by matching local residents with these jobs.

Such coordination is critical to address poverty and support social inclusion and, ultimately, to support business development, competitiveness and prosperity. As a result, many jurisdictions are taking steps to better align their workforce and economic development strategies.

² Many of the challenges facing Toronto were detailed in presentations by Grant Bishop and Ursule Critoph to the Joint Economic Development and Community Development & Recreation Committees March 2010.

³ Daily Bread Food Bank (2010) "Fighting Hunger: Hunger Snapshot, 2010 Profile of Hunger in the GTA", Toronto, DBFB.

COMMENTS

The Evolution of Workforce Development in Toronto

Increasingly, workforce development has a critical role to play in promoting a dynamic, competitive economy in Toronto that produces widespread prosperity and opportunity. The City has long understood this role. Similarly, there has been recognition that both concrete actions on the ground and more strategic planning and management are necessary to facilitate this.

Representing a significant asset developed over many years, Toronto benefits from a rich and diverse network of community-based employment service providers. Despite challenges, this community capacity continues to perform a critical workforce development function by meeting many of the employment and skill development needs of unemployed residents. It is critical that these resources are fully optimized as workforce development continues to evolve.

More recently, through efforts to better coordinate and align the actions of different City divisions, community stakeholders and business, as well as through the lessons of best practice, the need for a more effective workforce development strategy has become increasingly apparent.

As a result, Toronto has taken critical steps to build the foundations of a more effective workforce development strategy. The City is undertaking a range of initiatives and projects that address both the demand and supply side of the labour market and that also reinforce the planning, management and delivery of critical services to city residents. Among many others, examples include:

Local Planning, Management and Delivery

- Integrated Local Labour Market Focused Planning with the Ministry of Training, Colleges and Universities and the City. The process is aimed at understanding, identifying and linking the employment needs of residents to the needs of employers and employment opportunities;
- Local Immigration Partnerships provide a collaborative framework for, and facilitate the development and implementation of, sustainable local and regional solutions for successful integration of immigrants to Ontario. Partners include the Province, Government of Canada and the City;
- As part of a broader social development plan for the revitalization of Regent Park, the City, for the first time, developed an employment plan to ensure that opportunities that arise through this public investment are made available to local residents, that the employer and commercial partners are provided the supports to make this happen and that a framework and approach is set out for the evolution of services and service delivery in the community;
- The Metro Hall Employment Services centre provides city residents with information to support career planning and work search, focusing specifically on City career opportunities. Enterprise Toronto will also be providing on-site self-employment information sessions. The YMCA delivers its basic culinary skills program in the adjacent space; and

- The *Woodbine Live* project includes a local employment strategy to ensure that residents in the North West of the City have access to apprenticeship training opportunities and jobs.

An Integrated Approach to the Demand and Supply Sides of the Labour Market

- The Partnership to Advance Youth Employment (PAYE) is a joint initiative between the private sector and the City. Shaped by the labour market knowledge and experience of employers, PAYE provides employment opportunities to youth in disadvantaged neighbourhoods;
- Tax Increment Equivalent Grants (TIEGS) are being used in the large commercial redevelopment of Woodbine to ensure that the benefits extend to local communities and to put supports and services in to allow local residents to access jobs and other opportunities;
- To accelerate business formation, the City is working to expand the business incubation program, including in priority neighbourhoods. This expansion will occur through partnerships in the community, including colleges, universities, not-for-profit organizations and Toronto Public Library;
- The *Internationally Educated Professionals (IEP) Conference*, sponsored and organized by the City, connects IEPs with employers;
- To ensure immigrants and at-risk youth are provided with the specific training they need to move into the labour market more easily, the City participates on the Canada-Ontario Immigration Agreement (COIA) Language Training Working Group and the Job Search Workshop (JSW) Advisory Committee and is the convenor of the Youth Employment Partnerships (YEP), an initiative that coordinates youth employment agencies in Toronto.
- To support local hiring objectives, the City has been piloting a value-based procurement process and adding specific employment requirements to the tendering process and the vendor's terms of agreement. Examples include Regent Park, For Youth Initiative under the Youth Build Toronto, and Toronto Public Library Security Guard contract; and
- The City also co-sponsored and organized the *Service Sector Summit* with the Martin Prosperity Institute, Institute for Competitiveness and Prosperity, and Intergovernmental Committee for Economic and Labour Force Development.

Through these and other actions⁴, employers, communities and delivery partners are being engaged in more strategic ways to develop appropriate approaches to needs-identification and employment planning.

On the demand-side, workforce development policies and programs help employers find qualified workers, retain them and raise their skills to boost their effectiveness. In particular, assisting small and medium sized employers (SMEs) with recruitment and retention, education and training and other needs where they typically lack resources and/or expertise is important to the success of any workforce development strategy.

⁴ See Appendix 1 for additional examples.

On the supply side, workforce development systems increase the knowledge and skills of the future and current workforce in ways that are relevant to short and long term economic needs and priorities. They help people find jobs, stay employed and advance in employment.

City divisions, in partnership with others, are increasingly working together to support the planning, management and delivery of workforce development strategies. The knowledge and experience gained as a result of this work, coupled with the insights arising from the work of other jurisdictions, has deepened and, in some regards, transformed the notion of workforce development. In particular, this reflects a shift beyond traditional supply-side approaches that emphasize the education and training of individuals to one which instead establishes direct links between the supply of potential workers and the demand-side of firms who require their skills.

In this way, workforce development addresses both the demand and supply-side to link skills development to the short and long term needs of local economies and to allow economies to adapt quickly to changing conditions.

An Evidence-Based Approach

As the City's understanding of workforce development has evolved through more experience on the ground, a number of key foundations have emerged. Most importantly, these include:

- ***Developing Frameworks for Planning and Coordination:*** Fundamentally, large urban centres with complex labour markets, multiple players and different orders of government involved need careful plans to ensure that actions are aligned. Local planning and management is also necessary to identify opportunities, needs and gaps to devise strategies to capitalize upon these opportunities;
- ***Supporting a Competitive and Inclusive Business Climate:*** The availability of a skilled and flexible workforce is a key factor in decisions about business location or expansion. As a result workforce development strategies must work closely with employers to identify industry sectors and clusters where skills can be best utilized;
- ***Building an Effective Employment Services System:*** A coordinated and accessible employment services system that engages employers and provides customized supports based on the different needs of service users; and
- ***Ensuring a Strong Delivery Infrastructure with Sufficient Capacity:*** With a planning framework in place, key partners including business, are engaged in an effective employment services system, the final pillar is a strong delivery infrastructure with sufficient capacity to ensure that workforce development services are visible, accessible, extensive and provided by skilled staff.

A number of critical lessons are evident within each of these areas. For example, there is a need for locally informed, local government leadership. Such a collaborative approach harnesses the strengths of residents, communities and businesses to identify specific local workforce development

needs with the strengths of local government to bring a city-wide lens to the planning and coordination of workforce development.

Similarly, providing customized approaches to individual businesses as well as key clusters and sectors is critical to supporting a competitive and inclusive business climate. Finally, broad mandates, policy flexibility and adequate resources are essential to ensure a strong delivery infrastructure with sufficient capacity.

As these various lessons are systemized and diffused, each is helping to put in place the basis of a more strategic and forward looking approach to workforce development in Toronto.

Social and Community Supports

The work that has been undertaken over recent years has also reaffirmed the importance of a broad range of social and community supports to successful workforce development. These include not only “mainstream” services such as child care, transit, mental health and housing, but also community and neighbourhood services like recreation and libraries.

Similarly, other policy areas – from minimum wages to employment insurance reform—are critical to ensure that work lifts families out of poverty and that when employment is unattainable people can access the supports they need to stabilize and progress⁵.

Rather than a peripheral or optional feature of workforce development, social and community supports underpin inclusive social and economic development and are central to ensuring that residents are able to fully benefit from opportunities to enhance their employability, to find and sustain work and to maintain a reasonable quality of life. The absence of these services and supports, or an inability to access them, means that residents, especially the most vulnerable and “distant” from the labour market, both metaphorically and literally, will continue to be excluded.

A Workforce Development Strategy for Toronto

City Council has previously endorsed the *Agenda for Prosperity* an economic competitiveness strategy for Toronto. The strategy sets out 4 strategic priorities:

- Improve the business climate to enable, accelerate and attract economic growth;
- Diversify our international portfolio by increasing our economic activity beyond north America;
- Anchor and expand strategic industry sectors through increased competition and collaboration; and
- Enhance and expand Toronto’s labour force and ensure all residents have access to the benefits of economic growth.

⁵ See, for example, ECOTEC Research and Consulting Limited (2006), “Identification, Dissemination and Exchange of Good Practice in the Field of Local Employment Development and Promoting Better Governance: Executive Summary of Thematic Learning”, ECOTEC, December

Developing a similarly focused workforce development strategy and implementation plan will embed the lessons of the work undertaken to date, provide guidance to future activities and ensure that approaches in this area are better aligned with economic development activities across the city.

Toronto's Workforce Development Objectives

There is no question that continuing to develop local plans, build infrastructure and better address the needs of employers through individual initiatives will yield further success in the form of stronger partnerships, increased access to services for residents, and more appropriate strategies for business. But fully capitalizing on the building blocks that have been put in place and further advancing the successful work that has been undertaken requires greater integration and coordination.

In order to ensure that Toronto is best placed to address the challenges set out above, notably the looming mismatch between the large number of new and newly vacant jobs that will be available and the large number of labour force members who may not have the skills required to fill these jobs, and is also able to capitalize on emerging opportunities, a city-wide strategic approach is required. With a strategic plan and framework in place to guide actions, Toronto will have a critical foundation to adapt to a big picture that is not only complex but also fast changing.

The following objectives are key to ensuring that there is an accessible public employment services system that provides customized supports and services able to meet the needs of residents and businesses and that workforce development strategies support continued prosperity, competitiveness and inclusion in Toronto:

- Harmonize the City's economic and workforce development strategies to maximize benefits for business and residents;
- Engage employers to identify specific firm or sector workforce requirements and build on existing employment service infrastructure to establish direct links between the supply of potential workers and the firms/organizations that require their skills;
- Promote a skilled and competitive workforce to support prosperity and inclusion so that all Torontonians have access to education and training opportunities that provide the basis for the continual learning, engagement and skill development that will be necessary in most new jobs;
- Build human capital, enhance employability and improve access to jobs, skills and training; and
- Place disadvantaged groups and communities in Toronto at the heart of the city's workforce development strategy.

Principles

Derived from the work now being done, the following principles will guide the approach to and implementation of a workforce development in Toronto:

- Local Leadership;
- High Quality and Comprehensive;
- Place and sector-based;
- Meaningful engagement;
- Focused on the needs of individuals, businesses and communities;
- Flexible and Responsive;
- Evidence and outcomes based;
- Transparent and Accountable;
- Inclusive and opportunity focused; and
- Integrated across governments, sectors and communities.

Approach

The approach required to establish a more structured and more far-reaching strategy for workforce development in Toronto is similarly based on the lessons and knowledge percolating up from the initiatives underway in communities and with different sectors across the city and from the efforts being made to more effectively plan at a system level. Critical features include:

- A *City-wide planning* lens to provide an essential mechanism to coordinate City actions and to harmonize these with the activities of other orders of government and key stakeholders;
- *Local planning* that is rooted in the unique strengths and needs of each community is vital to the work being undertaken. Local plans are being developed that are flexible enough to capitalize on opportunities such as revitalization and large scale commercial development;
- An *iterative and adaptive* approach to respond to new challenges and opportunities;
- Effective *intergovernmental cooperation* which is vital to ensure that actions are aligned and to add value by harnessing and channeling all available resources to make the greatest impact. Such partnerships are a hallmark of work in Regent Park, Woodbine and elsewhere;
- Coordinated, seamless, and tailored services that in tandem with *integration where it makes sense* can yield the greatest dividends;
- A *business-oriented* approach to ensure that employers are not only engaged but also actively involved in developing strategies. Meeting the needs of businesses large and small is key to successful initiatives;
- A commitment to a *community-centred and resident engaged* approach. This is critical to ensure that responses are inclusive and able to meet the broad needs of disadvantaged individuals and neighbourhoods;
- Customized approaches that address the unique needs of individuals, neighbourhoods, single businesses, broader sectors and clusters;

- Broad partnerships to address the complex nature of the challenges of workforce development; and
- The ability to *test and pilot* different concepts and practices which is proving critical to ensure ongoing learning and continuous improvement.

Next Steps

The objectives, principles and approaches outlined in this report represent the key lessons that have emerged to date. To ensure that progress continues to be made in implementing a successful workforce development strategy for Toronto, 4 distinct next steps are necessary:

1) Build on the Foundations Already in Place

As noted earlier, the work undertaken to date has led to the identification of a number of key foundations, namely:

- Developing Frameworks for Planning and Coordination;
- Supporting a Competitive and Inclusive Business Climate;
- Building an Effective Employment Services System; and
- Ensuring a Strong Delivery Infrastructure with Sufficient Capacity.

These foundations will form the basis of future workforce development activities.

2) Continue to Develop Key Projects and Initiatives

At a City level appropriate divisions, including Toronto Employment & Social Services, Economic Development & Culture and Social Development Finance & Administration, will continue to look for opportunities to harmonize, integrate and align City activities as well as to learn from these activities. For example, efforts are already underway to connect with and capitalize on the opportunities for workforce development that result from major events and initiatives such as the ongoing development of the Waterfront, the upcoming Pan-Am games, Transit City and Tower Renewal.

3) Identify Areas Where New Approaches are Required

To identify areas where new approaches are needed, appropriate City divisions will work in partnership with other stakeholders to document spatial mismatches between services and needs and to map service gaps and develop strategies to address them.

4) Develop a Process to Move Forward

Finally, and pivotally, lessons from elsewhere indicate the critical importance of engaging a broad range of stakeholders to develop an effective workforce development strategy⁶. In Toronto there are

⁶ See, for example, European Commission (2004), "Practical Handbook on Developing Local Employment Strategies in the United Kingdom", Director-General, Employment and Social Affairs.

a wide range of stakeholders who play a variety of essential roles in workforce development. These include community organizations, business sectors, unions, educators, employment service deliverers, other governments, advocacy groups and others.

The City, primarily through Toronto Employment & Social Services, Social Development, Finance & Administration and Economic Development & Culture, will establish processes that effectively and meaningfully engage stakeholders in ways that reflect their roles, expertise and interests in workforce development. Again, the City will build on processes that are in place, as well as learn from the experiences of other jurisdictions. One focus of this process will be to consider ways in which necessary social and community supports can be simultaneously developed so that low income residents fully benefit from the available opportunities.

These next steps are a prelude to bringing forward a report on a workforce development strategy for the City of Toronto to City Council for endorsement in 2011.

CONCLUSION

This report summarises the objectives, principles and approaches that have emerged through the City's work on the ground in recent years. It shows how these actions are creating the building blocks for an effective workforce development strategy. Finally, it sets out a number of next steps that will continue to advance workforce development in Toronto.

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SIGNATURE

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ATTACHMENTS

Attachment 1 – Employment Initiatives across Toronto